

Stock Code:8374

ACE PILLAR CO., LTD.

**2023 Annual General Shareholders'
Meeting Handbook
(Translation)**

Date of the Meeting : May 26, 2023

Place of the Meeting : 25F., No. 558, Zhongyuan Rd., Xinzhuang
Dist., New Taipei City, Taiwan(R.O.C.)

ACE PILLAR CO., LTD.

2023 Annual General Shareholders' Meeting

Time : 9:00 a.m., May 26, 2023

Place : 25F., No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City, Taiwan(R.O.C.)

Type of Meeting : Physical Meeting

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I. Report Items

I. Business Report of 2022

Greetings to all of our Valued Shareholders,

(I) Implementation Results of 2022 Business Plan

In the post-pandemic age of 2022, the global economy faced the rapid disappearance of the dividends of the pandemic with inventory in the supply chain piling up. In addition, the Russia-Ukraine war broke out, the expenditure budget is being sidelined, and inflation suppressed demands, along with the ongoing geopolitics and the US-China technology war. Consequently, the company's operational capability faced great challenge. In alliance with Standard Technology Corp., ACE Energy Co., Ltd., and Bluewalker, the company made strong efforts to lay out intelligent automation/green energy/semiconductor and this cooperation gave the group great benefits in 2022. The net consolidated revenue of the company in 2022 was NT\$3.762 billion, growing by 3% compared to 2021. However, because the China pandemic management policy moved from strict zero COVID policy to the lifting of lockdowns, the consolidated operating profit was affected by NT\$96 million, and the consolidated after-tax earnings was NT\$98 million, a 35% decrease compared with the previous year, in which the net profit attributable to shareholders of the parent company was NT\$79 million, and the after-tax earnings per share was NT\$0.7.

The main products introduced by the company in 2022 were: DeltaGrid Energy Management Solution, DELTA MPD, Servo, Motion Controller AX3 and AX8 series, Digital Force Sensor MSR series, Generation II CNC NC5 series of Delta, ES220 series industrial computer of DFI, and ESD protection systems of Mactech, among others. In terms of energy products, in Taiwan, we strengthened our energy-saving and carbon reduction service, enlarged integration of green energy, and performed remote control through the cloud management platform of Power Eye; in Europe, we launched the solar energy saving system to grasp the business opportunities of distributed power grid. With regard to semiconductor industry, we imported the measurement solution of stochastic error, which had been adopted by major memory manufacturers and is actively promoted to the logic chips makers now. In addition, early in 2022, the company also established the intelligent application center and recruited the top talents in the industry in order to carry out the overall service by expanding the business model from parts and accessories trading to automation system integration. In 2022, the entire robot peripheral and system sale had hugely grown, and we received the cases of automation system related to domestic famous biotechnology and health, food, and electronics, which are expected to make significant contributions to revenue and profit in the future.

Profitability Analysis :

ITEM		2022	2021	
Financial status	Cash flows from operating activities(NT\$ k)	(1,331)	13,983	
	Cash flows from investing activities(NT\$ k)	(90,978)	(285,345) (Note)	
	Cash flows from financing activities(NT\$ k)	(12,931)	(101,673)	
Profitability	Return on assets (%)	3.24	5.21	
	Return on equity (%)	4.63	7.40	
	paid-in capital	Operating income(%)	8.53	16.93
		Income before income tax(%)	11.46	17.01
	Profit margin (%)	2.59	4.1	
Earnings per share (NT\$)	0.70	1.32		

Note: The outflow of investment activities in 2021 was higher, mainly due to purchase of new office building for operational needs.

Research and Development Overview :

The company is an automation electrical parts and components agent and a technical service provider, so there is no research and development component.

(2) Summary of 2023 Business Plan

The business policy and important production and marketing policy of the company in 2023 is as follows:

- (A) Deepen the strategic partnership with suppliers and customers, import advanced smart manufacturing, AI automation and energy-saving & energy storage products, especially the buildup of AIOT related software and system framework of MES, SCADA, etc. to meet the demands of customers in different manufacturing industries for management and intelligence of the whole smart factory.
- (B) Continue to lay out and plan more complete total solutions in intelligent automation and energy management, increase ACE PILLAR's value for customers, have precise control of customers' needs by way of empathy-based after-sales service and quick response, and assist customers in industry upgrading and global competitiveness promotion.
- (C) Optimize and enlarge energy-saving and UPS segments, actively look for cooperation partners, expand integration of green energy and energy storage, and offer more complete green energy integration services.
- (D) Actively expand development of system/equipment/component/consumables in the field of semiconductor, deploy technology in the optronic and semiconductor industry, strengthen technical service capability, and increase the company's competitiveness.
- (E) Integrate resources of the group, cooperate with strategic partners, and continue to move towards the Total Solutions Provider in intelligent automation and green energy.

- (F) Continue to optimize the inventory management mechanism, and strive to meet customers' demands for optimal delivery time and inventory management in order to increase the company's competitiveness and profitability.
- (G) Continue to move towards ESG, strive for corporate sustainable development, and do our best in corporate social responsibilities.

Looking forward to 2023, the macro-environment is still full of all kinds of uncertain factors. ACE PILLAR Co., Ltd. will continue to pay attention to every change in international scenario, economic development, etc., and the company shall remain adaptable at all times. We anticipate standing steady in the difficult environment. The company will also continue to adhere to the philosophy of sustainable development, implement corporate governance regulations, create a working environment of sustainable development for employees, provide customers with more value-added services, and bring the best interests for shareholders.

Chairman: Chang-Hung Lee President: Chang-Chien Li Accounting Supervisor: Kuo-Mei Chen

2. Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's Financial Statements for the year of 2022. Wei-Ming, Shi and Mei-Yen, Chen Public Accountants of KPMG, have audited the Financial Statements. The 2022 Financial Statements, Business Report, Independent Auditors Report and the Company's 2022 Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Ace Pillar Co., Ltd. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

ACE PILLAR Co., Ltd. 2023 Annual General Shareholders' Meeting

Chair of the Audit Committee

Liang-Yoo Lee

March 01, 2023

3. To report the distribution of employees' and directors' remuneration of 2022

Distribution of NT\$1,844,701 and NT\$922,351 in cash as remunerations to employees and directors, respectively, have been approved by the meeting of board of directors held on March 01, 2023.

4. To report the cash dividends distribution of 2022 earnings

- (1) According to Article 22-1 of the Company's Article of Incorporation, if earnings distribution plan is performed by means of cash dividends, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Shareholders' Meeting.
- (2) The proposed distribution is allocated from the 2022 earnings available for distribution, and cash dividends amounting to NT\$56,125,244 were distributed to shareholders at NT\$0.5 per share. It is approved by the meeting of board of directors held on March 01, 2023, and proposed that the Chairman of the Board of Directors is authorized to determine the ex-dividend date and payment date for the cash dividend distribution and other related matters.
- (3) If the cash dividend distribution ratio is adjusted and need to be modified due to change of the Company's total number of outstanding common shares, it is proposed to authorize the Chairman of Board of Directors with full power to adjust the distribution ratio.

II. Recognition and Discussion Items

I. To accept 2022 Business Report and Financial Statements (proposed by the Board of Directors)

Explanation:

- (1) The 2022 financial statements of the Company were audited by accountants Shi, Wei-Ming and Chen, Mei-Yen of KPMG, who concluded that the financial statements fairly presented financial situation of Ace Pillar Co., Ltd. as of December 31, 2022, financial performances and cash flows of the Company in 2022. The accounts also reviewed the business report enclosed.
- (2) For the 2022 Independent Auditors' Report, and the 2022 Financial Statements, please refer to Attachment I (pages 7-24)

Resolution:

2. To accept the proposal for the distribution of 2022 earnings (proposed by the Board of Directors)

Explanation:

The 2022 Earnings Distribution Proposal is as follows:

ACE PILLAR CO., LTD.	
The 2022 Earnings Distribution Proposal	
	Unit: NT\$
Net income of 2022	78,953,210
Less: Provisioned as Legal reserve	(7,836,822)
Retained earnings available for distribution in 2022	71,116,388
Add: Unappropriated retained earnings from previous years	219,906,778
Less: Difference between consideration and the carrying amount arising from acquisition or disposal of shared of subsidiaries	(584,994)
Retained earnings available for distribution as of December 31, 2022	290,438,172
Distributable Items	
Cash Dividend (NT\$500 for every 1,000 common shares)	(56,125,244)
Unappropriated retained earnings after earnings distribution	234,312,928

Note: Cash dividends are distributed based on shareholders' shareholding ratio recorded on the members' register on the ex-dividend date (round up to the dollar). The sum of fractional amount rounded shall be accounted as other income of the Company.

Chairman: Chang-Hung Lee President: Chang-Chien Li Accounting Supervisor: Kuo-Mei Chen

Resolution:

**3. To approve the amendment to Rules of Procedure for Shareholders' Meeting.
(Proposed by the Board of Directors)**

Explanation:

- (1) In conjunction with the announcement No. 1110004250 of Taiwan Securities Exchange Co., Ltd. on March 8, 2022 to amend certain provisions of the "Sample Template for Rules of Procedure for shareholders' meeting", it is proposed to amend the relevant Articles of Rules of Procedure for Shareholders' Meeting.
- (2) The comparison table for the Rules of Procedure Shareholders' Meetings before and after amendment is attached hereto as Attachment 2 (pages 25-39).

Resolution:

4. To lift non-competition restrictions on current directors (proposed by the Board of Directors)

Explanation:

- (1) According to Article 209 of the Company Act, any Director conducting business for himself/herself/itself or on another's behalf, the scope of which business is within the scope of the Company's business, shall explain at the Shareholders' Meeting the essential contents of such conduct, and obtain approval from shareholders in the Meeting.
- (2) It is proposed for the 2022 annual shareholders meeting to approve lifting non-competition restrictions on directors as who may invest or operate a business which is similar to the business scope of the Company.
- (3) The list of non-competition restrictions proposed to be lifted by the Company on each Director is attached hereto as Attachment 3 (page 40).

Resolution:

III. Extraordinary Motions

IV. Meeting Adjourn

Attachment I: Independent Auditors' Report and 2022 Financial Statements

Independent Auditors' Report

To the Board of Directors of Ace Pillar Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Ace Pillar Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021 (restated), the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ace Pillar Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021 (restated), and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Ace Pillar Co., Ltd. and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

As stated in note 4(c), Ace Pillar Co., Ltd. acquired 100% equity ownership of Qisda Corporation's subsidiary, ACE Energy Co., Ltd., by cash on July 1, 2022. Pursuant to the Interpretations (2012) No. 301 issued by Accounting Research and Development Foundation, the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. Ace Pillar Co., Ltd. and its subsidiaries restated the consolidated financial statements for the year ended December 31, 2021, accordingly. Our conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements for the year ended December 31, 2022 are stated as follows:

1. Business combinations

Refer to Note 4(q) for accounting policy on business combinations and Note 6(i) for related disclosures of the notes to the consolidated financial statements.

Description of key audit matter:

For the year ended December 31, 2022, Ace Pillar Co., Ltd. acquired 60% equity ownership of Standard Technology Corp. (“STC”) and 100% equity ownership of BlueWalker GmbH (“BWA”), wherein Ace Pillar Co., Ltd. obtained control over STC and BWA. To adopt accounting treatment of business combination, the management needs to assess and determine the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Accordingly, the assessment of business combinations has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the purchase price allocation report with the valuation on intangible assets conducted by an external expert engaged by the management; evaluating the acquired assets and liabilities identified by the management including any fair value adjustment at the acquisition date. In doing so, we have consulted internal valuation specialists to assist us in evaluating the reasonableness of the valuation model and key assumptions used. We have also assessed whether correct accounting treatment has been applied, and appropriate disclosures with respect to the acquisition have been made.

2. Impairment of goodwill

Refer to Note 4(m) for accounting policy on impairment of non-financial assets, Note 5 for uncertainty of accounting estimations and assumptions for goodwill impairment and Note 6(l) for related disclosures of the notes to the consolidated financial statements.

Description of key audit matter:

Goodwill arising from the acquisition of subsidiaries is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit of goodwill involves management’s judgment and estimation with respect to key assumptions which are subjective and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions and results; and assessing the adequacy of disclosures of related information on evaluation of goodwill.

Other Matter

Ace Pillar Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified audit opinion with the paragraph on Emphasis of Matter for the year ended December 31, 2022 and an unmodified audit opinion for the year ended December 31, 2021.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Ace Pillar Co., Ltd. and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Ace Pillar Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing Ace Pillar Co., Ltd. and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ace Pillar Co., Ltd. and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ace Pillar Co., Ltd. and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Ace Pillar Co., Ltd. and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Ace Pillar Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wei-Ming Shih and Mei-Yen Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 1, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2022		December 31, 2021 (Restated)			December 31, 2022	December 31, 2021 (Restated)			
	Amount	%	Amount	%			Amount	%		
Current assets:										
1100 Cash and cash equivalents (note 6(a))	\$ 436,095	13	521,134	17	2100	\$ 229,235	7	87,723	3	
1110 Financial assets at fair value through profit or loss—current (note 6(b))	163	-	-	-	2123	1,058	-	-	-	
1136 Financial assets at amortized cost—current (notes 6(d) and 8)	7,848	-	18,000	1	2130	108,161	3	126,238	4	
1150-1170 Notes and accounts receivable, net (notes 6(e), (t), 7 and 8)	944,003	28	1,105,387	35	2150-2170	390,605	12	577,950	18	
1200 Other receivables (note 6(f))	29,412	1	14,714	1	2200	149,251	5	112,822	4	
130X Inventories (note 6(g))	896,923	27	665,979	21	2230	55,065	2	48,747	2	
1461 Non-current assets held for sale (note 6(h))	-	-	312,601	10	2280	11,367	-	12,330	-	
1410-1470 Prepayments and other current assets	45,243	2	43,584	1	2300	10,140	-	8,884	-	
Total current assets	<u>2,359,687</u>	<u>71</u>	<u>2,681,399</u>	<u>86</u>	2320	<u>653</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Non-current assets:						Total current liabilities	<u>955,535</u>	<u>29</u>	<u>974,694</u>	<u>31</u>
1517 Financial assets at fair value through other comprehensive income—non-current (note 6(c))	1,434	-	-	-	2540	Long-term debt (notes 6(n) and 8)	100,000	3	-	-
1535 Financial assets at amortized cost—non-current (note 6(d))	3,212	-	-	-	2570	Deferred income tax liabilities (note 6(q))	100,136	3	74,358	3
1600 Property, plant and equipment (notes (j) and 8)	666,613	20	373,454	12	2580	Lease liabilities—non-current (notes 6(o) and 7)	25,086	1	8,246	-
1755 Right-of-use assets (note 6(k))	52,312	2	24,670	1		Total non-current liabilities	<u>225,222</u>	<u>7</u>	<u>82,604</u>	<u>3</u>
1780 Intangible assets (note 6(l))	196,471	6	4,167	-		Total liabilities	<u>1,180,757</u>	<u>36</u>	<u>1,057,298</u>	<u>34</u>
1840 Deferred income tax assets (note 6(q))	9,865	-	9,234	-		Equity attributable to shareholders of the Company (note 6(r)):				
1980 Other financial assets—non-current	18,755	1	17,077	-	3110	Common stock	1,122,505	34	1,122,505	36
1990 Other non-current assets	9,917	-	24,861	1	3200	Capital surplus	312,233	9	315,077	10
Total non-current assets	<u>958,579</u>	<u>29</u>	<u>453,463</u>	<u>14</u>	3300	Retained earnings	649,360	20	672,018	21
					3400	Other equity	(35,927)	(1)	(56,506)	(2)
					35XX	Total equity attributable to shareholders of the Company	<u>2,048,171</u>	<u>62</u>	<u>2,053,094</u>	<u>65</u>
					36XX	Equity attributable to former owner of business combination under common control	<u>-</u>	<u>-</u>	<u>20,310</u>	<u>1</u>
						Non-controlling interests	<u>89,338</u>	<u>2</u>	<u>4,160</u>	<u>-</u>
						Total equity	<u>2,137,509</u>	<u>64</u>	<u>2,077,564</u>	<u>66</u>
Total assets	<u>\$ 3,318,266</u>	<u>100</u>	<u>3,134,862</u>	<u>100</u>		Total liabilities and equity	<u>\$ 3,318,266</u>	<u>100</u>	<u>3,134,862</u>	<u>100</u>

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ACE PILLAR CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2022		2021	
				(Restated)	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(t), 7 and 14)	\$ 3,762,421	100	3,658,704	100
5000	Operating costs (notes 6(g), (j), (p), 7 and 12)	<u>(3,023,194)</u>	<u>(80)</u>	<u>(3,000,362)</u>	<u>(82)</u>
	Gross profit	<u>739,227</u>	<u>20</u>	<u>658,342</u>	<u>18</u>
	Operating expenses (notes 6(e), (j), (k), (l), (o), (p), (u), 7 and 12):				
6100	Selling expenses	(429,537)	(12)	(311,587)	(9)
6200	Administrative expenses	(195,838)	(5)	(153,454)	(4)
6300	Research and development expenses	(5,805)	-	(8,738)	-
6450	Gains on reversal of impairment loss (expected credit loss)	<u>(12,321)</u>	<u>-</u>	<u>5,458</u>	<u>-</u>
	Total operating expenses	<u>(643,501)</u>	<u>(17)</u>	<u>(468,321)</u>	<u>(13)</u>
	Operating income	<u>95,726</u>	<u>3</u>	<u>190,021</u>	<u>5</u>
	Non-operating income and loss (notes 6(o), (v) and 7):				
7100	Interest income	1,601	-	1,253	-
7010	Other income	9,831	-	5,171	-
7020	Other gains and losses, net	30,308	1	(830)	-
7050	Finance costs	<u>(8,843)</u>	<u>-</u>	<u>(4,622)</u>	<u>-</u>
	Total non-operating income and loss	<u>32,897</u>	<u>1</u>	<u>972</u>	<u>-</u>
	Income before income tax	128,623	4	190,993	5
7950	Less: income tax expense (note 6(q))	<u>(31,049)</u>	<u>(1)</u>	<u>(41,142)</u>	<u>(1)</u>
	Net income	<u>97,574</u>	<u>3</u>	<u>149,851</u>	<u>4</u>
	Other comprehensive income (note 6(r)):				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operations	21,256	-	2,134	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>21,256</u>	<u>-</u>	<u>2,134</u>	<u>-</u>
	Other comprehensive income for the year, net of income tax	<u>21,256</u>	<u>-</u>	<u>2,134</u>	<u>-</u>
	Total comprehensive income for the year	<u>\$ 118,830</u>	<u>3</u>	<u>151,985</u>	<u>4</u>
	Net income attributable to:				
8610	Shareholders of the Company	78,953	2	147,895	4
8615	Former owner of business combination under common control	3,394	-	1,623	-
8620	Non-controlling interests	<u>15,227</u>	<u>1</u>	<u>333</u>	<u>-</u>
		<u>\$ 97,574</u>	<u>3</u>	<u>149,851</u>	<u>4</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	99,532	3	150,029	4
8715	Former owner of business combination under common control	3,394	-	1,623	-
8720	Non-controlling interests	<u>15,904</u>	<u>-</u>	<u>333</u>	<u>-</u>
		<u>\$ 118,830</u>	<u>3</u>	<u>151,985</u>	<u>4</u>
	Earnings per share (in New Taiwan dollars) (note 6(s)):				
9750	Basic earnings per share	<u>\$ 0.70</u>		<u>1.32</u>	
9850	Diluted earnings per share	<u>\$ 0.70</u>		<u>1.32</u>	

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Company						Foreign currency translation differences	Total equity of the Company	Equity attributable to former owner of business combination under common control	Non- controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total					
Balance at January 1, 2021 (restated)	\$ 1,122,505	315,077	247,286	78,028	266,159	591,473	(58,640)	1,970,415	18,687	3,827	1,992,929
Net income in 2021	-	-	-	-	147,895	147,895	-	147,895	1,623	333	149,851
Other comprehensive income in 2021	-	-	-	-	-	-	2,134	2,134	-	-	2,134
Total comprehensive income in 2021	-	-	-	-	147,895	147,895	2,134	150,029	1,623	333	151,985
Appropriation of earnings:											
Legal reserve	-	-	10,981	-	(10,981)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(67,350)	(67,350)	-	(67,350)	-	-	(67,350)
Balance at December 31, 2021 (restated)	1,122,505	315,077	258,267	78,028	335,723	672,018	(56,506)	2,053,094	20,310	4,160	2,077,564
Net income in 2022	-	-	-	-	78,953	78,953	-	78,953	3,394	15,227	97,574
Other comprehensive income in 2022	-	-	-	-	-	-	20,579	20,579	-	677	21,256
Total comprehensive income in 2022	-	-	-	-	78,953	78,953	20,579	99,532	3,394	15,904	118,830
Appropriation of earnings:											
Legal reserve	-	-	14,790	-	(14,790)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(101,026)	(101,026)	-	(101,026)	-	-	(101,026)
Other changes in capital surplus	-	1	-	-	-	-	-	1	-	-	1
Difference between consideration and the carrying amount arising from acquisition or disposal of shares of subsidiaries	-	-	-	-	(585)	(585)	-	(585)	-	(4,855)	(5,440)
Reorganization under common control	-	(2,856)	-	-	-	-	-	(2,856)	(23,704)	-	(26,560)
Changes in ownership interests in subsidiaries	-	11	-	-	-	-	-	11	-	229	240
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	73,900	73,900
Balance at December 31, 2022	\$ 1,122,505	312,233	273,057	78,028	298,275	649,360	(35,927)	2,048,171	-	89,338	2,137,509

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021 (Restated)</u>
Cash flows from operating activities:		
Income before income taxes	\$ 128,623	190,993
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	40,211	42,980
Amortization	11,018	1,307
(Reversal of) expected credit loss	12,321	(5,458)
Interest expense	8,843	4,622
Interest income	(1,601)	(1,253)
Dividend income	(944)	-
Loss (gain) on disposal of property, plant and equipment	(187)	349
Gain on lease modifications	(741)	(1)
Gain on disposal of non-current assets held for sale	(23,829)	-
Loss on liquidation of subsidiary	391	-
Total adjustments for profit or loss	<u>45,482</u>	<u>42,546</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(163)	-
Notes and accounts receivable	301,305	(173,477)
Other receivables	(13,686)	(6,338)
Inventories	(45,728)	(214,182)
Other current assets	5,040	(25,680)
Net changes in operating assets	<u>246,768</u>	<u>(419,677)</u>
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	1,058	(288)
Notes and accounts payable	(285,859)	175,968
Other payables	(52,210)	5,294
Contract liabilities	(30,770)	29,549
Other current liabilities	769	(2,882)
Other non-current liabilities	-	(1,375)
Net defined benefit liabilities	(5,671)	-
Net changes in operating liabilities	<u>(372,683)</u>	<u>206,266</u>
Total changes in operating assets and liabilities	<u>(125,915)</u>	<u>(213,411)</u>
Total adjustments	<u>(80,433)</u>	<u>(170,865)</u>
Cash provided by operations	48,190	20,128
Interest received	1,525	1,253
Dividends received	944	-
Income taxes paid	(51,990)	(7,398)
Net cash flows provided by (used in) operating activities	<u>(1,331)</u>	<u>13,983</u>

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021 (Restated)
Cash flows from investing activities:		
Acquisition of subsidiaries, net of cash received	(141,309)	-
Proceeds from disposal of non-current assets held for sale	46,401	-
Acquisition of property, plant and equipment	(29,954)	(265,237)
Proceeds from disposal of property, plant and equipment	348	18
Acquisition of intangible assets	(9,228)	(5,474)
Decrease (increase) in other financial assets – current	17,721	(6,000)
Decrease in other financial assets – non-current	9,395	1,247
Decrease (increase) in other non-current assets	15,648	(9,899)
Net cash flows used in investing activities	(90,978)	(285,345)
Cash flows from financing activities:		
Increase in short-term borrowings	469,918	244,957
Decrease in short-term borrowings	(451,697)	(256,161)
Increase in long-term debt	100,000	-
Repayments of long-term debt	(133)	-
Payment of lease liabilities	(15,806)	(18,391)
Cash dividends distributed to shareholders	(101,026)	(67,350)
Interest paid	(8,747)	(4,728)
Changes in non-controlling interests	(5,440)	-
Net cash flows used in financing activities	(12,931)	(101,673)
Effect of foreign exchange rate changes	20,201	225
Net decrease in cash and cash equivalents	(85,039)	(372,810)
Cash and cash equivalents at beginning of year	521,134	893,944
Cash and cash equivalents at end of year	\$ 436,095	521,134

See accompanying notes to the consolidated financial statements.

Independent Auditors' Report

To the Board of Directors Ace Pillar Co., Ltd.:

Opinion

We have audited the parent-company-only financial statements of Ace Pillar Co., Ltd., which comprise the parent-company-only balance sheets as of December 31, 2022 and 2021 (restated), and the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of Ace Pillar Co., Ltd. as of December 31, 2022 and 2021 (restated), and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of Ace Pillar Co., Ltd. in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

As stated in note 6(g), Ace Pillar Co., Ltd. acquired 100% equity ownership of Qisda Corporation's subsidiary, ACE Energy Co., Ltd., by cash on July 1, 2022. Pursuant to the Interpretations (2012) No. 301 issued by Accounting Research and Development Foundation, the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. Ace Pillar Co., Ltd. restated the parent-company-only financial statements for the year ended December 31, 2021, accordingly. Our conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the parent-company-only financial statements for the year ended December 31, 2022 are stated as follows:

1. Investments in subsidiaries

Refer to Note 4(i) and (q) for accounting policy on investments in subsidiaries and business combinations and Note 6(g) for related disclosures of the notes to the parent-company-only financial statements.

Description of key audit matter:

For the year ended December 31, 2022, Ace Pillar Co., Ltd. acquired 60% equity ownership of Standard Technology Corp. (“STC”) and 100% equity ownership of BlueWalker GmbH (“BWA”), wherein Ace Pillar Co., Ltd. obtained control over STC and BWA. To adopt accounting treatment of business combination, the management needs to assess and determine the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Accordingly, the assessment of business combination has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the purchase price allocation report with the valuation on intangible assets conducted by an external expert engaged by the management; evaluating the acquired assets and liabilities identified by the management including any fair value adjustment at the acquisition date. In doing so, we have consulted internal valuation specialists to assist us in evaluating the reasonableness of the valuation model and key assumptions used. We have also assessed whether correct accounting treatment has been applied, and appropriate disclosures with respect to the acquisition have been made.

2. Assessment of impairment of goodwill from investments in subsidiaries

Refer to Note 4(m) for accounting policy on impairment of non-financial assets, Note 5 for uncertainty of accounting estimations and assumptions for goodwill impairment, and Note 6(g) for related disclosures of the notes to the parent-company-only financial statements.

Description of key audit matter:

Goodwill arising from the acquisition of subsidiaries, which are included in the carrying amount of investments accounted for using equity method, is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit of goodwill involves management’s judgment and estimation with respect to key assumptions which are subjective and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions and results; and assessing the adequacy of disclosures of related information on evaluation of goodwill.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing Ace Pillar Co., Ltd.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Ace Pillar Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing Ace Pillar Co., Ltd.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ace Pillar Co., Ltd.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ace Pillar Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Ace Pillar Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investees accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wei-Ming Shih and Mei-Yen Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 1, 2023

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021 (Restated)			December 31, 2022		December 31, 2021 (Restated)	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets						Liabilities and Equity			
Current assets:						Current liabilities:			
1100 Cash and cash equivalents (note 6(a))	\$ 115,701	5	338,373	13		Financial liabilities at fair value through profit or loss – current			
1150-1170 Notes and accounts receivable, net (notes 6(c) and (q))	291,431	12	461,845	18	2120	\$ 1,058	-	-	-
1180 Accounts receivable from related parties (notes 6(c), (q) and 7)	6,688	-	14,498	1	2130	4,064	-	2,116	-
1200 Other receivables (note 6(d))	362	-	420	-	2150-2170	139,237	6	313,659	13
1210 Other receivables from related parties (notes 6(d) and 7)	207,068	9	193,760	8	2180	1,673	-	3,953	-
1300 Inventories (note 6(e))	272,290	11	306,403	12	2200	38,719	2	52,000	2
1461 Non-current assets held for sale (note 6(f))	-	-	73,452	3	2220	1,141	-	1,054	-
1410-1470 Prepayments and other current assets	4,521	-	10,266	-	2230	12,864	1	16,130	1
Total current assets	<u>898,061</u>	<u>37</u>	<u>1,399,017</u>	<u>55</u>	2280	6,269	-	2,562	-
Non-current assets:					2300	7,239	-	6,929	-
1550 Investments accounted for using the equity method (notes 6(g) and 7)	1,105,368	45	790,733	31		<u>212,264</u>	<u>9</u>	<u>398,403</u>	<u>16</u>
1600 Property, plant and equipment (note 6(h))	382,537	16	311,265	13		Total current liabilities			
1755 Right-of-use assets (note 6(i))	28,054	1	5,371	-	2540	100,000	4	-	-
1780 Intangible assets (note 6(j))	10,263	-	4,167	-	2570	61,085	2	74,358	3
1840 Deferred income tax assets (note 6(n))	8,698	-	9,079	-	2580	22,791	1	2,856	-
1900 Other non-current assets	11,330	1	29,389	1		<u>183,876</u>	<u>7</u>	<u>77,214</u>	<u>3</u>
Total non-current assets	<u>1,546,250</u>	<u>63</u>	<u>1,150,004</u>	<u>45</u>		<u>396,140</u>	<u>16</u>	<u>475,617</u>	<u>19</u>
						Total non-current liabilities			
						Total liabilities			
						Equity (note 6(o)):			
					3110	1,122,505	46	1,122,505	44
					3200	312,233	13	315,077	12
					3300	649,360	26	672,018	26
					3400	(35,927)	(1)	(56,506)	(2)
						<u>2,048,171</u>	<u>84</u>	<u>2,053,094</u>	<u>80</u>
					35XX	Equity attributable to former owner of business combination under common control			
						-	-	20,310	1
						<u>2,048,171</u>	<u>84</u>	<u>2,073,404</u>	<u>81</u>
Total assets	<u>\$ 2,444,311</u>	<u>100</u>	<u>2,549,021</u>	<u>100</u>		Total liabilities and equity			
						<u>\$ 2,444,311</u>	<u>100</u>	<u>2,549,021</u>	<u>100</u>

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2022		2021 (Restated)	
	Amount	%	Amount	%
4000 Operating revenue (notes (q) and 7)	\$ 1,296,748	100	1,626,561	100
5000 Operating costs (notes 6(e), (h) and 7)	<u>(1,024,809)</u>	<u>(79)</u>	<u>(1,296,544)</u>	<u>(80)</u>
Gross profit	<u>271,939</u>	<u>21</u>	<u>330,017</u>	<u>20</u>
Operating expenses (notes 6(c), (h), (i), (j), (l), (m), (r), 7 and 12):				
6100 Selling expenses	(119,666)	(9)	(126,351)	(8)
6200 Administrative expenses	(91,199)	(7)	(83,788)	(5)
6450 Gains on reversal of impairment loss (expected credit loss)	<u>287</u>	<u>-</u>	<u>970</u>	<u>-</u>
Total operating expenses	<u>(210,578)</u>	<u>(16)</u>	<u>(209,169)</u>	<u>(13)</u>
Operating income	<u>61,361</u>	<u>5</u>	<u>120,848</u>	<u>7</u>
Non-operating income and loss (notes 6(g), (l), (s) and 7):				
7100 Interest income	521	-	2,264	-
7010 Other income	1,223	-	2,271	-
7020 Other gains and losses, net	52,044	4	(5,846)	-
7050 Finance costs	(1,321)	-	(218)	-
7070 Share of profits (losses) of subsidiaries	<u>(20,966)</u>	<u>(2)</u>	<u>67,673</u>	<u>4</u>
Total non-operating income and loss	<u>31,501</u>	<u>2</u>	<u>66,144</u>	<u>4</u>
Income before income tax	92,862	7	186,992	11
7950 Less: Income tax expense (note 6(n))	<u>(10,515)</u>	<u>(1)</u>	<u>(37,474)</u>	<u>(2)</u>
Net income	<u>82,347</u>	<u>6</u>	<u>149,518</u>	<u>9</u>
Other comprehensive income (note 6(o)):				
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences on translation of foreign operations	20,579	2	2,134	-
8399 Less: income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>20,579</u>	<u>2</u>	<u>2,134</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>20,579</u>	<u>2</u>	<u>2,134</u>	<u>-</u>
8500 Total comprehensive income for the year	<u>\$ 102,926</u>	<u>8</u>	<u>151,652</u>	<u>9</u>
Net income attributable to:				
8610 Shareholders of the Company	\$ 78,953	6	147,895	9
Former owner of business combination under common control	<u>3,394</u>	<u>-</u>	<u>1,623</u>	<u>-</u>
	<u>\$ 82,347</u>	<u>6</u>	<u>149,518</u>	<u>9</u>
Total comprehensive income attributable to:				
8710 Shareholders of the Company	\$ 99,532	8	150,029	9
Former owner of business combination under common control	<u>3,394</u>	<u>-</u>	<u>1,623</u>	<u>-</u>
	<u>\$ 102,926</u>	<u>8</u>	<u>151,652</u>	<u>9</u>
Earnings per share (in New Taiwan dollars) (note 6(p)) :				
9750 Basic earnings per share	\$ <u>0.70</u>		<u>1.32</u>	
9850 Diluted earnings per share	\$ <u>0.70</u>		<u>1.32</u>	

See accompanying notes to the parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity		Equity attributable to former owner of business combination under common control	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation differences		
Balance at January 1, 2021 (restated)	\$ 1,122,505	315,077	247,286	78,028	266,159	591,473	(58,640)	18,687	1,989,102
Net income in 2021	-	-	-	-	147,895	147,895	-	1,623	149,518
Other comprehensive income in 2021	-	-	-	-	-	-	2,134	-	2,134
Total comprehensive income in 2021	-	-	-	-	147,895	147,895	2,134	1,623	151,652
Appropriation of earnings:									
Legal reserve	-	-	10,981	-	(10,981)	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(67,350)	(67,350)	-	-	(67,350)
Balance at December 31, 2021 (restated)	1,122,505	315,077	258,267	78,028	335,723	672,018	(56,506)	20,310	2,073,404
Net income in 2022	-	-	-	-	78,953	78,953	-	3,394	82,347
Other comprehensive income in 2022	-	-	-	-	-	-	20,579	-	20,579
Total comprehensive income in 2022	-	-	-	-	78,953	78,953	20,579	3,394	102,926
Appropriation of earnings:									
Legal reserve	-	-	14,790	-	(14,790)	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(101,026)	(101,026)	-	-	(101,026)
Other changes in capital surplus	-	1	-	-	-	-	-	-	1
Difference between consideration and the carrying amount arising from acquisition or disposal of shares of subsidiaries	-	-	-	-	(585)	(585)	-	-	(585)
Reorganization under common control	-	(2,856)	-	-	-	-	-	(23,704)	(26,560)
Share of changes in equity of subsidiaries	-	11	-	-	-	-	-	-	11
Balance at December 31, 2022	\$ 1,122,505	312,233	273,057	78,028	298,275	649,360	(35,927)	-	2,048,171

See accompanying notes to the parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021 (Restated)</u>
Cash flows from operating activities:		
Income before income taxes	\$ <u>92,862</u>	<u>186,992</u>
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	8,393	9,712
Amortization	3,120	1,307
(Reversal of) expected credit loss	(287)	(970)
Interest expense	1,321	218
Interest income	(521)	(2,264)
Share of loss (profit) of subsidiaries and associates	20,966	(67,673)
Gain on lease modifications	(26)	(1)
Gain on disposal of non-current assets held for sale	<u>(23,829)</u>	<u>-</u>
Total adjustments for profit or loss	<u>9,137</u>	<u>(59,671)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	170,701	(71,527)
Accounts receivable from related parties	7,810	(6,557)
Other receivables	58	195
Other receivables from related parties	-	10
Inventories	34,113	(165,653)
Prepayments and other current assets	<u>5,693</u>	<u>(7,668)</u>
Net changes in operating assets	<u>218,375</u>	<u>(251,200)</u>
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	1,058	(288)
Notes and accounts payable	(174,422)	109,142
Accounts payable to related parties	(2,280)	3,362
Other payables	(13,294)	7,148
Contract liabilities	1,948	1,012
Other current liabilities	<u>310</u>	<u>412</u>
Net changes in operating liabilities	<u>(186,680)</u>	<u>120,788</u>
Total changes in operating assets and liabilities	<u>31,695</u>	<u>(130,412)</u>
Total adjustments	<u>40,832</u>	<u>(190,083)</u>
Cash provided by (used in) operations	133,694	(3,091)
Interest received	521	3,316
Income taxes paid	<u>(26,620)</u>	<u>(6,072)</u>
Net cash flows provided by (used in) operating activities	<u>107,595</u>	<u>(5,847)</u>

See accompanying notes to the parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
ACE PILLAR CO., LTD.

Parent-Company-Only Statements of Cash Flows (Continued)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from investing activities:		
Acquisition of investments accounted for using the equity method	(342,156)	-
Proceeds from disposal of non-current assets held for sale	46,401	-
Acquisition of property, plant and equipment	(25,429)	(261,133)
Acquisition of intangible assets	(9,216)	(5,474)
Decrease (increase) in refundable deposits	(63)	51
Increase in other receivables from related parties	(13,308)	(48,208)
Decrease (increase) in other non-current assets	18,122	(11,372)
Net cash flows used in investing activities	(325,649)	(326,136)
Cash flows from financing activities:		
Increase in short-term borrowings	190,000	-
Decrease in short-term borrowings	(190,000)	(2,618)
Proceeds from long-term debt	100,000	-
Payment of lease liabilities	(2,371)	(6,858)
Cash dividends distributed to shareholders	(101,026)	(67,350)
Interest paid	(1,221)	(219)
Net cash flows used in financing activities	(4,618)	(77,045)
Net decrease in cash and cash equivalents	(222,672)	(409,028)
Cash and cash equivalents at beginning of year	338,373	747,401
Cash and cash equivalents at end of year	\$ 115,701	338,373

See accompanying notes to the parent-company-only financial statements.

Attachment 2: Comparison table for the Rules of Procedure for Shareholders' Meeting

ACE PILLAR CO., LTD.

Comparison table for the Rules of Procedure for Shareholders' Meeting

After amendment	Before amendment	Reason for Amendments
<p><u>Article 1</u> The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.</p>	<p>1. For this Corporation's shareholders meetings, except as otherwise provided by law, regulation, shall be as provided in these Rules.</p>	<p>Amend according to laws and regulations and actual need.</p>
<p><u>Article 2</u> Any reference to shareholders in this process mean shareholders registered in the members' register, solicitor, or the proxies entrusted by the shareholders to attend the shareholders' meetings for them.</p>	<p>2. Any reference to shareholders in this process mean shareholders registered in the members' register or the proxies entrusted by the shareholders to attend the shareholders' meetings for them.</p>	<p>Amend according to laws and regulations and actual need.</p>
<p><u>Article 3</u> Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>	<p>3. This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in, and this will be used to calculate the number of shares present.</p>	<p>Amend according to laws and regulations and actual need.</p>
<p><u>Article 4</u> For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders.</p>	<p>4. Attendance and voting at shareholders meetings shall be calculated based on numbers of shares.</p>	<p>amend according to laws and regulations and actual need. The original provision has been moved to</p>

After amendment	Before amendment	Reason for Amendments
<p><u>meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</u></p> <p><u>After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p> <p><u>If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>		the 1 st item of the Article 3
<p><u>Article 5</u> The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. <u>The restrictions on the place of the meeting shall not apply when this</u></p>	<p>5. The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.</p>	Amend according to laws and regulations and actual need.

After amendment	Before amendment	Reason for Amendments
<p><u>Corporation convenes a virtual-only shareholders meeting.</u></p>		
<p><u>Article 5-1 To convene a virtual shareholders meeting, this Corporation shall include the follow particulars in the shareholders meeting notice:</u></p> <p><u>1. How shareholders attend the virtual meeting and exercise their rights.</u></p> <p><u>2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u></p> <p><u>(1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u></p> <p><u>(2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</u></p> <p><u>(3) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual</u></p>	<p>(New)</p>	<p>Amend according to laws and regulations and actual need.</p>

After amendment	Before amendment	Reason for Amendments
<p><u>shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p><u>(4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</u></p> <p><u>3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</u></p>		
<p>Article 6 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson</p>	<p>6. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson</p>	<p>Amend according to laws and regulations and actual need.</p>

After amendment	Before amendment	Reason for Amendments
<p>also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.</p> <p>If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. <u>When there are two or more such convening parties, they shall mutually select a chair from among themselves.</u></p>	<p>also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.</p> <p>If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting.</p>	
<p>Article 7 This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.</p>	<p>7. This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.</p>	<p>The original second provision has been moved to the 1st item of the Article 14</p>
<p>Article 8 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by</p>	<p>8. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p>The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by</p>	<p>Amend according to laws and regulations and actual need.</p>

After amendment	Before amendment	Reason for Amendments
<p>a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.</p> <p>If the chair declares the meeting adjourned in violation of the rules of procedure, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p><u>Discussions or votes shall be carried out only for proposals. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote.</u></p> <p><u>For such motions which are announced by the chair to be determined by votes, ballots may be casted for several motions at the same time but shall be voted separately.</u></p>	<p>a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.</p> <p>After the meeting is adjourned, shareholders shall not elect a chairperson and resume the meeting at the same or another venue.</p> <p>If the chair declares the meeting adjourned in violation of the rules of procedure, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p>	
<p><u>Article 9</u> The chair shall call the meeting to order at the appointed meeting time, However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such</p>	<p>9. The chair shall call the meeting to order at the appointed meeting time, unless otherwise stipulated by the Company Act. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement,</p>	<p>Amend according to laws and regulations and actual need.</p>

After amendment	Before amendment	Reason for Amendments
<p>postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. <u>In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.</u></p> <p><u>If the quorum is not met after two postponements</u> as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; <u>all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 3.</u></p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p>provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>But the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present adopted pursuant to Article 175, paragraph 1 of the Company Act.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	
<p><u>Article 10</u> Before speaking, an attending shareholder must specify on a</p>	<p>10. Before speaking, an attending shareholder must specify on a</p>	<p>amend according to</p>

After amendment	Before amendment	Reason for Amendments
<p>speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p><u>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</u></p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p><u>When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.</u></p>	<p>speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p>	<p>laws and regulations and actual need.</p>
	<p>H. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. The time may be extended</p>	<p>The original provision has been moved to the 3rd item of the Article 10.</p>

After amendment	Before amendment	Reason for Amendments
	for 3 minutes with the chairperson's permission.	
	12. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.	Regulations has been moved to the 2 nd item of the Article 3. Regulations has been moved to the 5 th item of the Article 10
Article 11 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond. <u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in Article 10 do not apply.</u>	13. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.	Amend according to laws and regulations and actual need.
	14. Discussions or votes shall be carried out only for proposals. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote. For such motions which are announced by the chair to be determined by votes, ballots may be casted for several motions at the same time but shall be voted separately.	Regulations has been moved to the 5 th and 6 th item of the Article 8

After amendment	Before amendment	Reason for Amendments
<p>Article 12 <u>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</u></p> <p><u>When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is</u></p>	<p>15.</p>	<p>Amend according to laws and regulations and actual need.</p>

After amendment	Before amendment	Reason for Amendments
<p><u>made to cancel the earlier declaration of intent.</u></p> <p><u>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.</u></p> <p><u>When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</u></p> <p>Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.</p> <p>When there is an amendment or an alternative to a proposal, the chair</p>	<p>Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During voting, if the chair solicits and receives no dissents, the motion is deemed passed, with equivalent force as a resolution by vote.</p> <p>When there is an amendment or an alternative to a proposal, the chair</p>	

After amendment	Before amendment	Reason for Amendments
<p>shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p><u>Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. The result of each vote shall be announced at the meeting immediately and shall be recorded into the minute.</u></p> <p><u>When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>	<p>shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p>	

After amendment	Before amendment	Reason for Amendments
	+6. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. The result of each vote shall be announced at the meeting immediately and shall be recorded into the minute.	Regulations has been moved to the 7 th item of the Article 12.
<p><u>Article 13 This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures and shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation. The information and audio and video recording shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p>	+7. The Company shall video tape or audio tape the entire proceeding of a shareholders' meeting, and the recording shall be kept for at least one year.	Amend according to laws and regulations and actual need.
<p><u>Article 14 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.</u></p> <p>The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear</p>	+8. <p>In order to make the meeting smoothly, the chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at</p>	Amend according to laws and regulations and actual need.

After amendment	Before amendment	Reason for Amendments
<p>an identification card or armband bearing the word "Proctor." When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.</p>	<p>the meeting place, they shall wear an identification card or armband bearing the word "Proctor." When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.</p>	
<p><u>Article 15</u> When a meeting is in progress, the chair may announce a break based on time considerations.</p>	<p>19. When a meeting is in progress, the chair may announce a break based on time considerations.</p>	<p>Amend according to actual need.</p>
<p><u>Article 16</u> <u>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</u> <u>This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</u> <u>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors . The</u></p>	<p>20. Any matters which are not adequately provided for herein shall be subject to the Company Act, the Articles of Incorporation.</p>	<p>Amend according to actual need.</p>

After amendment	Before amendment	Reason for Amendments
<u>minutes shall be retained for the duration of the existence of this Corporation.</u>		
<u>Article 17</u> These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.	20. These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.	Amend according to actual need.
<u>Article 18</u> The Rules and Procedures were established on June 28, 2002. The 1 th amendment was made on May 26, 2023.		Added amendment date.

Attachment 3: List of non-competition restrictions on current directors proposed to be lifted

List of non-competition restrictions on current directors proposed to be lifted

Name	Released restriction items
Sheng-Fa Yeh	Chairman, Natsume Smartech Co., Ltd. Director, FAVITE INC. Director, SkyLine Technology Co., Ltd.

Appendix I: Articles of Incorporation

ACE PILLAR CO., LTD. ARTICLES OF INCORPORATION

Chapter I General Provisions

- Article 1: The Company is organized in accordance with the Company Act of R.O.C. and named ACE PILLAR CO., LTD. The Company Name in English shall be ACE PILLAR CO., LTD.
- Article 2: The lines of business of the Company shall include the following:
1. E603050 Automatic Control Equipment Engineering
 2. F401010 International Trade
 3. F113050 Wholesale of Computers and Clerical Machinery Equipment
 4. F118010 Wholesale of Computer Software
 5. F218010 Retail Sale of Computer Software
 6. I301010 Information Software Services
 7. CB01990 Other Machinery Manufacturing
 8. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The company's investment in other enterprises shall not be restricted by the regulations related to total investment amount, stipulated in the Company Act.
- Article 4: External guarantee for the business needs of the company shall be made with consent of the Board of Directors.
- Article 5: The head office of the Company is located in New Taipei City, Taiwan. The Company may, as approved by the resolution of the Board of Directors, set up branch offices or factories in compliance with applicable laws and regulations in Taiwan or abroad when necessary.

Chapter 2 Shares

- Article 6: The total capital of the company is NT\$2 billion, divided into 200 million shares, all of which are common stocks. The value per share is NT\$10. The unissued shares will be issued in installments by authority of the Board of Directors.
- In the preceding capital, 5 million shares shall be reserved for issuance of share quota of employee stock warrants.
- Article 6-1: Only with consent of the shareholders' meeting where at least two-thirds of the voting rights present at the shareholders' meeting attended by shareholders representing a majority of total issued shares shall the company transfer shares to employees at a price lower than the average actual repurchase price, or issue the employee stock warrants at a subscription price lower than the closing price of common stock on the issuing date.
- Article 6-2: The treasury stocks purchased by the Company according to the Company Act may be transferred to employees of other companies under the control of or affiliated to the Company which satisfy certain conditions.

The Company's employee stock options may be issued to employees of other companies under the control of or affiliated to the Company which satisfy certain conditions.

When the Company issues new shares, employees purchasing the shares include employees of other companies under the control of or affiliated to the Company which satisfy certain conditions.

The Company may issue new shares for restricting employee rights to employees of other companies under the control of or affiliated to the Company which satisfy certain conditions.

Article 7: The company is exempted from printing any share certificate for the shares issued. However, the issued shares should be registered with a centralized securities depositary enterprise. This also applies to other securities.

Article 8: Unless otherwise stipulated by laws and securities regulations, the company's shareholders handle matters related to stock affairs in accordance with the Company Law and the Regulations Governing the Administration of Shareholder Services of Public Companies.

Chapter 3 Shareholders' Meetings

Article 9: The shareholders' meetings are divided into the regular shareholders' meeting and the special shareholders' meeting. The regular shareholders' meeting is convened by the Board of Directors once a year within six months after the end of a fiscal year, according to the law. A special shareholders' meeting may be convened in accordance with the law if necessary.

The shareholders' meeting of the company may be held by video conference or other means announced by the central competent authority.

The convening procedure of the shareholders' meeting shall be handled in accordance with Article 172, the Company Act.

Article 10: If a shareholder cannot attend a shareholders' meeting for some reason, he or she may issue a proxy form, printed by the company, stating the scope of authorization, to authorize an agent to attend the meeting on his or her behalf. Unless otherwise provided for under Article 177 of the Company Act, the rules of shareholders' authorization for attendance shall comply with the "Regulations Governing the Use of Proxies for Attendance at Shareholders Meeting of Public Companies".

Article 11: When the shareholders' meeting is convened, the chairperson of the Board shall chair the meeting. In case the chairperson of the Board is absent, he/she may designate one director as his/her agent. In case of no designation, one director may be elected from among the directors. For a shareholders' meeting which is convened by the convener other than the Board of Directors, according to the Company Act, the chairperson role shall be assumed by the said convener. In case of two or more conveners, one shall be elected among them.

Article 12: Each shareholder of the company shall have a voting right for each share he/she holds. However, those who involve any conditions specified in Article 179 of the Company Act have no voting right.

Article 13: Unless otherwise provided by relevant laws and regulations, the resolution of the shareholders' meeting shall be adopted by the affirmative votes of the attending shareholders representing more than half of the total issued shares.

Article 14: Resolutions of a shareholders' meeting shall be recorded in the meeting minutes signed or affixed with the chop by the meeting chair. Meeting minutes may be produced and distributed in accordance with Article 183 of the Company Act.

Chapter 4 Directors and Audit Committees

Article 15: The company shall have a board of directors consisting of seven to nine members, with a term of three years, who shall be elected by the shareholders' meeting in accordance with the law. In the event that the term of a director expires before re-election, the director shall continue to perform his or her duties until a new director is elected. There shall be at least three independent directors, and the election of directors adopts the candidate nomination system and shall be handled in accordance with the Company Act and relevant regulations.

Article 16: The Board of Directors is organized by directors. The Chairman of the Board of Directors shall be elected from among the attending directors by a majority vote and with the attendance over two thirds of the seats in a meeting of the Board of Directors. As necessary, a Vice Chairman may be elected among the attending directors in the same manner. The Chairman of the Board shall externally have the authority to represent the Company. In case the Chairman of the Board asks for leave or for other reason cannot exercise his power and authority, he may appoint another director to represent him by proxy in accordance with Article 208 of the Company Act.

If the Board of Directors meeting is held by video conference, the directors taking part in the meeting are deemed present in person.

Article 16-1: The Company shall set up the Audit Committee organized by all of the independent directors in accordance with the Securities and Exchange Act. The composition of the audit committee, duties, rules of meeting procedure and other compliance matters shall comply with the relevant regulations prescribed by the securities supervisory authorities.

Article 17: The remuneration of the whole directors shall be established by the Board of Directors subject to authority, based on personal contribution and the level in the same industry.

Article 18: If the directors are unable to attend the board meeting, they shall issue the proxy form to authorize other directors to be present as their agents, pursuant to Article 205 of the Company Act. However, one proxy form can be issued for one director only.

Article 19: As resolved by the Board of Directors, the company may purchase liability insurance for the directors with respect to liabilities resulting from exercising their duties.

Chapter 5 Managerial Officer

Article 20: The company shall have one general manager and several vice general managers. Their appointment, discharge, and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter 6 Finalization of Accounts and distribution

- Article 21: At the end of a fiscal year, the Board of Directors shall prepare the following reports and statements to be audited by the audit committee within 30 days prior to the regular shareholders' meeting before they will be submitted to the shareholders' meeting for recognition:
1. Business report;
 2. Financial statements
 3. Proposal for allocation of profits or compensation of losses.
- Article 22: If the company has gained profit in the annual accounts (the so-called profit refers to the income of pre-tax income before subtracting the profit-sharing compensation for employees and directors), 2 - 20% shall be allocated as the compensation for employees and less than 1% for directors' compensation. However, in case of the accumulated losses for the company (including adjustment of undistributed earnings amount), certain profits shall first be reserved to cover them.
- The preceding profit-sharing compensation for employees shall be distributed in stock or cash and the subjects for distribution shall include the employees of the parent company or subsidiaries who meet certain specific requirements. The foregoing profit-sharing compensation for directors shall only be distributed in cash.
- What is sated in the preceding two paragraphs should be performed by the resolution of the Board of Directors and reported during the shareholders' meeting.
- Article 22-1: If there are earnings at the end of each fiscal year, the company shall first compensate the accumulated losses, in addition to paying all taxes according to the law, then withdraw 10% as the legal reserve and other special reserve, which should be withdrawn or reversed in accordance with the law. In case of any other earnings left, the Board of Directors shall draw up a distribution proposal in terms of the said balance, along with the undistributed earnings in the past years and present the proposal during the shareholders' meeting for the purpose of making a resolution on distribution.
- If the foregoing earnings distribution is carried out in cash dividend, the Board of Directors shall be authorized to make a resolution and report it during the shareholders' meeting.
- In response to the company's operation and growth needs, the company's dividend distribution policy considers the budget of future capital expenditure and fund needs. If there are earnings at the annual final accounts and the distributable earnings in the current year reach 2% of the capital, the dividend distribution shall not be less than 10% of the distributable earnings in the current year, in which the ratio of cash distribution shall not be less than 20% of the total dividends of the current year.
- Article 22-2: The Company may distribute new shares or cash by way of legal reserve or capital reserve in accordance with Article 241 of the Company Act.
- Where the means of cash is performed in the preceding paragraph, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Shareholders' Meeting.

Chapter 7 Supplementary Provisions

- Article 23: If the company's stock is intended to be cancelled for public offering, a special resolution shall be made at the shareholders' meeting, and this article shall remain unchanged during the period of the company's listing on the TWSE and TPEX.
- Article 24: Matters not provided for herein shall be subject to the Company Act and the related laws and regulations.
- Article 25: The establishment or amendment of these Articles of Incorporation shall come into force upon approval by the competent authority.
- Article 26: These Articles of Incorporation were established by the organizers on March 20, 1984.
- The 1th amendment was made on September 10, 1986.
- The 2th amendment was made on June 30, 1987.
- The 3th amendment was made on September 30, 1988.
- The 4th amendment was made on July 31, 1990.
- The 5th amendment was made on October 9, 1992.
- The 6th amendment was made on October 20, 1993.
- The 7th amendment was made on June 29, 1994.
- The 8th amendment was made on June 22, 1995.
- The 9th amendment was made on June 25, 1997.
- The 10th amendment was made on June 12, 1998.
- The 11th amendment was made on June 30, 1999.
- The 12th amendment was made on June 22, 2000.
- The 13th amendment was made on June 15, 2001.
- The 14th amendment was made on September 5, 2001.
- The 15th amendment was made on November 13, 2001.
- The 16th amendment was made on June 28, 2002.
- The 17th amendment was made on June 15, 2005.
- The 18th amendment was made on June 15, 2006.
- The 19th amendment was made on June 13, 2007.
- The 20th amendment was made on June 13, 2008.
- The 21th amendment was made on June 19, 2009.
- The 22th amendment was made on June 18, 2012.
- The 23th amendment was made on June 24, 2014.
- The 24th amendment was made on June 15, 2016.
- The 25th amendment was made on June 16, 2017.
- The 26th amendment was made on March 13, 2019.
- The 27th amendment was made on November 13, 2019.
- The 28th amendment was made on June 12, 2020.
- The 29th amendment was made on August 24, 2021.
- The 30th amendment was made on June 14, 2022.

Appendix 2: Rules of Procedure for Shareholders' Meeting (Before the amendments)

ACE PILLAR CO., LTD.

RULES OF PROCEDURE FOR SHAREHOLDERS' MEETING

June 28, 2002

1. For this Corporation's shareholders meetings, except as otherwise provided by law, regulation, shall be as provided in these Rules.
2. Any reference to shareholders in this process mean shareholders registered in the members' register or the proxies entrusted by the shareholders to attend the shareholders' meetings for them.
3. This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in, and this will be used to calculate the number of shares present.
4. Attendance and voting at shareholders meetings shall be calculated based on numbers of shares.
5. The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
6. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting
7. This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
8. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. After the meeting is adjourned, shareholders shall not elect a chairperson and resume the meeting at the same or another venue.

If the chair declares the meeting adjourned in violation of the rules of procedure, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

9. The chair shall call the meeting to order at the appointed meeting time, unless otherwise stipulated by the Company Act. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. But the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
11. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. The time may be extended for 3 minutes with the chairperson's permission.
12. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
13. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
14. Discussions or votes shall be carried out only for proposals. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote. For such motions which are announced by the chair to be determined by votes, ballots may be casted for several motions at the same time but shall be voted separately.
15. Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During voting, if the chair solicits and receives no dissents, the motion is deemed passed, with equivalent force as a resolution by vote. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the

order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

16. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. The result of each vote shall be announced at the meeting immediately and shall be recorded into the minute.
17. The Company shall video tape or audio tape the entire proceeding of a shareholders' meeting, and the recording shall be kept for at least one year.
18. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

19. When a meeting is in progress, the chair may announce a break based on time considerations.
20. Any matters which are not adequately provided for herein shall be subject to the Company Act, the Articles of Incorporation.
21. These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix 3 : Shareholding of Directors

ACE PILLAR CO., LTD. Shareholding of Directors

Title	Name	No. of Shareholding
Chairman	Chang-Hung Lee (Representative of DFI Inc.)	53,958,069
Director	Chih-Chen Lin (Representative of DFI Inc.)	53,958,069
Director	Chang-Chien Li (Representative of DFI Inc.)	53,958,069
Director	Chia-Hung Su (Representative of DFI Inc.)	53,958,069
Director	Li-Min Huang (Representative of DFI Inc.)	53,958,069
Director	Han-Yu Investment Co., Ltd. (Representative: Hwei-Ling Yang)	10,176,013
Independent Director	Sheng-Fa Yeh	0
Independent Director	Liang-Yoo Lee	0
Independent Director	Chi-Hang Yang	0
Total		64,134,082

Note1: The numbers of shares held by the directors and supervisors individually and by the entire bodies thereof respectively as recorded in the shareholders' register as of the book closure date (March 28,2023) for that shareholders' meeting.

Note2: The legal number of shares held by all directors is 8,000,000 shares in accordance with the regulations of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.